

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3539 - HB 3932

February 17, 2010

SUMMARY OF BILL: Requires the Board of Pharmacy to establish and maintain an official pharmacy program. This includes the development of a single standard format for all prescriptions issued and every prescription shall be written on an official state prescription except for medical orders generated at a medical facility for internal dispensing. A pharmacist is prohibited from filling a prescription not written on the official state prescription.

The Board must provide the official prescription forms to prescribers, at no charge, with a unique control number that is nontransferable between prescribers. The Board is required to establish security requirements for a secure web-based order capture system, secure prescription forms, and secure production and distribution of the prescription forms. State funded medical assistance payments are prohibited for covered outpatient drugs for which the prescription was executed in written and non-electronic form unless the prescription was executed on an official state prescription and the official prescription control number is provided as part of the claims data. Practitioners will immediately notify the Board of the loss, theft, or unauthorized use of any official state prescription forms provided by the Department of Health.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$2,464,900/Recurring/Board of Pharmacy
Increase State Expenditures - \$24,300/One-Time/Board of Pharmacy
\$2,464,900/Recurring/Board of Pharmacy

Assumptions:

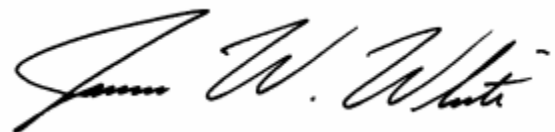
- The Board of Pharmacy will need one staff position for oversight and support of the prescription program. This position will result in an increase in recurring expenditures of \$89,883 which includes salary (\$46,032), benefits (\$15,651), administrative support services (\$7,900), communications and networking (\$1,600), office lease (\$4,100), travel (\$14,000) and supplies (\$600). There will be a one-time increase in expenditures of \$8,000 for a computer and printer (\$3,800) and office set-up (\$4,200).
- There are approximately 33,000 prescribers statewide who write approximately 48,000,000 prescriptions per year. Prescription pads are estimated to cost \$2 per 100 pages. It is estimated the binding and printing of prescription pads will result in an increase in recurring expenditures of \$960,000 $[(48,000,000/100) \times \$2]$. Shipping costs to provide 480,000 prescription pads are estimated to be \$1,200,000 $(480,000 \times \$2.5)$.

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- The Patient Tracking Billing and Management Information System and the Controlled Substance Monitoring Database will need ongoing modifications and technical support resulting in an increase in recurring expenditures of \$215,000 and \$5,000 in one-time expenditures.
- There will be additional one-time expenditures of \$11,250 for rulemaking hearings (\$7,500) and mailings and communications about the program (\$3,750).
- The total increase in recurring expenditures is estimated to be \$2,464,883 and one-time expenditures to be \$24,250.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all health-related boards are required to be self-supporting over a two-year period. As of June 30, 2008, the Board had a balance of \$261,783.99. The Board's FY08-09 balance is not yet available.
- The Board's current fee revenue is sufficient to cover the increase in one-time expenditures of \$24,250.
- The Board will increase fees by an amount sufficient to cover the increase in recurring expenditures of \$2,464,883.
- The Boards of Dentistry, Medical Examiners, Nursing, Optometry, Osteopathic Examination, Podiatric Medical Examiners, Veterinary Medical Examiners license individuals with prescribing authority. These boards will incur an increase in expenditures for any disciplinary taken against one of their licensees. It is estimated that any cost will not be significant and can be accommodated within existing resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml